

Message Text

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SUBJ: NEAR EAST MARKETS FOR U S WEST COAST LUMBER AND PLYWOOD

REF: A. STATE 39568; B. BAGHDAD 221 (NOTAL)

1. SUMMARY: SIZEABLE IRAQI MARKET FOR U S LUMBER AND PLYWOOD JUSTIFIES SPECIAL, TAILORED USG SUPPORT FOR WEST COAST SUPPLIERS: INCLUDING INVITATION TO IRAQI BUYERS VISIT U S. CURRENT MARKET DEMAND ESTIMATED 300-400 THOUSAND CUBIC METERS RED AND WHITE WOOD PER YEAR AND RISING. MARKET HEAVILY INFLUENCED BY POLITICAL CONSIDERATIONS AND ROLE OF USSR IS FORMIDABLE. MARKET EXTREMELY DIFFICULT FOR NEW FIRMS TO PENETRATE, BUT WITH PATIENCE AND PLANNED APPROACH MAY BE POSSIBLE FOR U S FIRMS CAPTURE 10-15 PERCENT OF MARKET BEGINNING 1976. USINT WOULD BE PLEASED RECEIVE AND SUPPORT RESEARCH VISIT OF INDUSTRY EXPERT. END SUMMARY.

2. AFTER DISCUSSIONS WITH IRAQI PRIVATE SECTOR PARTIES AND OFFICERS OF FINNISH, AUSTRIAN AND SWEDISH EMBASSIES, USINT BELIEVES MARKET FOR LUMBER AND PLYWOOD IS WORTH CONSIDERABLE EFFORT TO PRY IT OPEN FOR WEST COAST SUPPLIERS. 1975 MARKET IS ESTIMATED TO BE 300-400 THOUSAND CUBIC METERS RED AND WHITE WOOD (NO FURTHER BREAKDOWN NOW POSSIBLE).

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OF THIS USSR SIGNED CONTRACT FEB 16 FOR 75,000 CUBIC METERS

AND FINNIS FIRM NINO LINCOLN ET CO. FEB 17 FOR SAME AMOUNT FOR DELIVERY DURING SPECIAL NINE MONTH ONE-TIME ONLY IRAQI FISCAL YEAR BEGINNING APR 1, 1975. CONTRACTS FOR ANOTHER 150,000 PLUS TONS REMAIN TO BE SIGNED FOR THIS NINE MONTH PERIOD. BUT, REALISTICALLY, U S SALES STRATEGY MAY HAVE TO CONCENTRATE ON NEXT FISCAL YEAR BEGINNING JAN 1. REASON IS THAT ALL SALES SEEM TO REQUIRE TWO TO NINE MONTHS OF NEGOTIATIONS.

3. U S INDUSTRY MARKET PENETRATION STRATEGY WHICH USINT RECOMMENDS HAS FOL ELEMENTS: (A) SELECTION BY INDUSTRY OF ONE SPOKESMAN FOR WEST COAST SUPPLIERS; (B) THIS SPOKESMAN, ON BEHALF OF INDUSTRY, INVITES DIR GEN OF STATE COMPANY FOR IMPORTATION OF STEEL AND TIMBER (GECIST), MASBAH OPPOSITE WILLIAMS STORE, BAGHDAD, TO U S A EITHER TO ATTEND SCHEDULED INDUSTRY CONVENTION OR FOR AD HOC MEETING; (C) INDUSTRY SPOKESMAN THEN VISITS BAGHDAD TO NEGOTIATE CONTRACTS, BEING PREPARED SPEND WEEKS AT A TIME AND TO RETURN FREQUENTLY BEFORE RECEIVING ORDER; (D) SEE PARA 5 BELOW; INDUSTRY EXPERT VISITS BAGHDAD FOR MARKET SURVEY.

4. BEGIN LIMITED OFFICIAL USE. SALES OF LUMBER OF GECIST MUST OCCUR WITHIN POLITICAL CONTEXT OF BILATERAL IRAQ-ISSUR TRADE. RECENT UNPRECEDENTED SALE BY FINNISH FIRM SUPPOSEDLY REQUIRED EXPLICIT APPROVAL REVOLUTIONARY COMMAND COUNCIL. QUALITY OF USSR PACKAGING AND PREPARATION OF LUMBER REPORTEDLY LEAVES MUCH TO BE DESIRED AND GECIST NOT HAPPY ABOUT BEING "FORCED" TO TAKE LESS THAN BEST PRODUCT. PRICES AGREED IN TWO MOST RECENTLY CONDLUDED AGREEMENTS (FOR VARIETY OF CUT WHITE WOODS) WERE 149 DOLLARS PER CUBIC METER FOR USSR AND 156 DOLLARS FOR FINNISH FIRM. NOTE: THIS PRICE INFO IS NOT PUBLIC KNOWLEDGE AND IS CONSIDERED PRIVILEDGED AND SENSITIVE BY FINNISH AMB. END LIMITED OFFICIAL USE.

5. THERE ARE OTHER INDIRECT SALES TARGETS BESIDES GECIST, I.E. GOVT AND PRIVATE SECTOR END-USERS SUCH AS MINISTRIES OF DEF, INDUSTRY, HOUSING AND CONSTRUCTION AND OTHERS WHICH IMPORT THROUGH GECIST. ALL HAVE MAJOR PROJECTS PLANNED OR UNDERWAY WHICH CREATE DEMAND FOR IMPORTED WOOD. USINT COULD, IF WE PUT ESTIMATED LIMITED OFFICIAL USE

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40 MAN-HOURS INTO EFFORT, DEVELOP REASONABLY GOOD ESTIMATES FROM THESE MAJOR END-USERS OF THEIR DETAILED REQUIREMENTS AS REQUESTED REF A PARA ONE. GECIST, ON OTHER HAND, FLATLY DECLINES SUPPLY ESTIMATES OF ITS NEEDS. BUT THIS IS JUST ONE OF MANY BOOMING SECTORS OF IRAQI ECONOMY AND WE DO NOT THINK OUR LIMITED RESOURCES SHOULD BE COMMITTED TO THIS ONE AREA AT THIS TIME. WE WOULD, HOWEVER, BE PLEASED TO SUPPORT MARKET RESEARCH VISIT BY INDUSTRY

EXPERT WILLING TO SPEND ROUGHLY TWO WEEKS IN BAGHDAD
IF HE THINKS INFO ABOVE JUSTIFIES EFFORT.

6. IN ABSENCE OF DIPLOMATIC RELATIONS, USINT RECOMMENDS
AGAINST PLANNING USDOC OR IOGA TRADE MISSIONS TO IRAQ
FOR TIME BEING.
LOWRIE

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